

Statement of Ms. Barbara Panther
Associate Deputy Assistant Secretary for Human Resources Management
before the Subcommittee on Federal Workforce and Agency Organization
Committee on Government Reform, U.S. House of Representatives

Retirees Returning to the Rescue: Re-employing Annuitants
in Time of National Need

July 25, 2006

Mr. Chairman; Members of the Committee: Good afternoon. I would like to introduce Ms. Donna Schroeder, Director, Compensation and Classification Service, who is accompanying me today. Thank you for the invitation to appear before you this afternoon to offer testimony on behalf of the Department of Veterans Affairs (VA) concerning the employment of retirees and waivers of dual compensation.

Before I describe the VA experience with re-employment of annuitants, I would like to note the emphasis this Department places on workforce planning. Since 2003, VA has operated according to a Strategic Human Capital Plan which aligns with our Departmental Strategic Plan as well as the President's Management Agenda. VA has created and implemented a Department-wide system that ensures that workforce planning activities are conducted throughout all levels of the organization.

VA's success in attracting, developing, and retaining top talent has resulted in numerous benefits to veterans. Outside sources are giving kudos for services and products that demonstrate the quality of VA's workforce. For example, VA recently was awarded the prestigious 2006 Innovations in American Government Award for its electronic patient-records database. This award sponsored by Harvard University's Ash Institute for Democratic Governance and Innovation at the Kennedy School of Government honors excellence and creativity in the public sector. On July 17, 2006, VA's superior health care was highlighted in a Business Week article entitled, "The Best Medical Care in the U.S.". These accolades recognize the work of employees who have a special dedication and commitment to serving veterans. More likely than not, it is this sense of dedication to the unique and honorable VA mission that would encourage retirees to consider reemployment with VA.

There are a number of historical instances when VA has sought to reemploy annuitants in order to better serve veterans. In the Veterans Benefits Administration, retired veterans service representatives are required to provide

training, to mentor, and to transfer institutional knowledge, gained over the course of decades of service. In 2005, VA needed additional health care professionals to provide care to veterans who were displaced from New Orleans and Mississippi when hurricanes Katrina and Rita hit the Gulf Coast. They also were needed to support VA's fourth mission of providing support to the nation during emergencies. Some retirees, in particular because of their training and longevity with VA, have unique skills or knowledge that is needed for task forces.

Presently, VA has 201 annuitants on the rolls who are employed in a wide variety of occupations. They serve as nurses, physical therapists, health technicians, veterans service representatives, vocational rehabilitation counselors, and also as administrative and support personnel. VA uses both title 5 regulations (5 CFR 316) and title 38 statutory authority (38 USC 7405) to reemploy annuitants without competition to time-limited appointments based on their unique qualifications and the special needs of the Agency. These individuals serve at the will of the appointing official.

For both title 5 and title 38 annuitants, the wages earned by an annuitant are offset by the annuity amount unless a waiver is granted by the U.S. Office of Personnel Management (OPM). This offset is one of the chief factors that keep many highly qualified individuals from returning to federal civilian employment.

In order to obtain a waiver of the offset, VA must first demonstrate that we have performed all reasonable staffing options before submitting the waiver request. These options include:

- Hiring all qualified applicants who are available to work;
- Hiring all qualified annuitants who are available to work with their salary offset;
- Offering temporary reassignment, voluntary overtime or compensatory leave to qualified employees; and
- Hiring or using support staff to accomplish tasks not requiring skills specific to an occupation.

If none of these options have been successful, we may request a waiver for the offset for any of three reasons.

The first option relates to the need to retain a particular individual who is still employed or a retired annuitant who has not received an offset waiver. The waiver request must describe the critical nature of the project, unique qualifications of the appointee/employee, need for retention, and the lack of other reasonable staffing options.

From 2002 to present, 11 waiver requests identifying specific individuals have been received in VA Central Office. After examining the submission and criteria, eight requests were sent forward to OPM and all eight were approved. To date, of those 8, only one retired annuitant remains employed with VA. The other 7, having completed the agreed upon period of reemployment, have returned to retirement.

A second option for waiver approval can be granted by OPM when there is an emergent hiring need. Our waiver request must describe the nature of the emergency, and the need for individual services from either a uniquely qualified individual or for a number of positions because of the urgency of the need.

Following the terrorist attacks on September 11, 2001, OPM delegated the authority to waive the salary offset required of reemployed annuitants. This delegation remains in effect until the President terminates the "Declaration of National Emergency by Reason of Certain Terrorist Attacks". VA has approved one waiver using this authority for a contract specialist.

A third option is a waiver request based on severe recruiting difficulty. Exceptions are to be based on exceptional difficulty in recruiting a qualified candidate for a particular position. Requests submitted on this basis must include a description of the length, breadth, and results of the agency recruiting efforts for the

position and any other factors demonstrating that a legitimate recruiting need cannot be met without the requested waiver.

VA has received OPM's approval to waive the salary offset for certain occupations on several occasions. In 2003, VA was given the authority to waive the offset in certain medical occupations within the Veterans Health Administration. This authority, Delegation of Authority for Waivers of Dual Compensation Restrictions for Certain Medical Occupations, was based on the need to reduce a backlog of veterans seeking access to the VA health care system or to provide direct patient care when no other reasonable staffing options existed. The submission and approval identified the covered medical occupations and grades.

As a result of this waiver, 8 retired annuitants received an approval for the offset to be waived. Two (2) of the 8 remain employed. The authority will expire in January 2007.

In February 2001, OPM delegated authority to waive annuity reduction for up to 250 veterans service representatives in the Veterans Benefits Administration. This authority was subsequently extended and is due to expire in September 2007. As a result of this approval, VA successfully recruited 86 retired veterans service representatives. Twenty-seven (27) of the 86 are still employed with VA today.

Finally, in 2002, VA received delegated authority to waive the offset for annuitant registered nurses (RNs) when necessary to accomplish one or more mission critical tasks on an emergency basis and only if, and for as long as, no other reasonable staffing options exists to fill the nurse vacancy. This authority will expire in November 2006. As a result of this approval, VA has successfully recruited 26 annuitant nurses with 14 still employed.

The need for waivers of the salary offset varies with the development and resolution of emergency situations, the market for individual professionals, and individual retirees' personal situations. In general, waiver of the offset facilitates the

reemployment of retirees, especially those with highly sought skills. However, waivers are not always needed and do not always result in retirees returning to work for VA.

Currently, 201 annuitants are employed in various occupations but only 43 have been approved for the waiver of the offset. The remaining 157 annuitants have their salaries offset by the amount of their annuities.

An additional tool that could help VA and other federal agencies locate and hire annuitants would be a register or data base of retiring employees who would be interested in returning to employment. Creating this active pipeline of experienced federal retirees could provide a ready source of talent to complement the existing workforce and enable VA to ensure continuity of service to our Nation's veterans. Such a listing would have been helpful during VA's response to Hurricane Katrina. In the aftermath of Hurricane Katrina, some employees who were willing to volunteer were not able to do so because of workload restrictions at their permanent duty stations. A data base of eligible retirees with the requisite skills who were available to work would have provided a pool of temporary employees to fill behind regular staff volunteering for duty in Louisiana and Mississippi.

Mr. Chairman, thank you again for the opportunity to testify today. I am prepared to respond to any questions Members may have.